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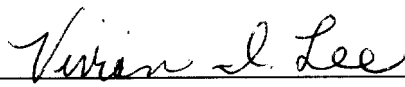
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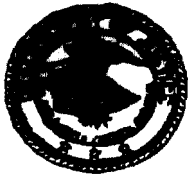
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WEDNESDAY, JULY 15, 1998

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JUSTICE DEPARTMENT CLEARS WORLDCom/MCI MERGER
AFTER MCI AGREES TO SELL ITS INTERNET BUSINESS

Largest Divestiture of Company in Merger History

WASHINGTON, D.C. -- The Department of Justice today announced that WorldCom Inc.'s \$44 billion purchase of MCI Communications Corp. may proceed after MCI divests its Internet business. MCI agreed to sell internetMCI to Cable & Wireless plc for an estimated \$1.75 billion, making it the largest divestiture of a company in merger history. After reviewing the terms of the proposed divestiture and its likely impact on the market, the Department concluded that the divestiture would resolve the Department's competitive concerns about the merger.

Without the divestiture, the WorldCom/MCI merger would have combined the two leading providers of nationwide Internet backbone service -- a service that connects various high-capacity computer networks carrying Internet traffic. Customers of the backbone services include Internet service providers (such as America Online and Erol's) and private and public institutions and corporations.

"The merger as originally proposed would have given

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WorldCom/MCI a significant proportion of the nation's Internet traffic, giving the company the ability to cut off or reduce the quality of Internet services that it provided to its rivals," said Joel I. Klein, Assistant Attorney General of the Department's Antitrust Division, "This divestiture benefits anyone who relies on the Internet because it preserves competition among major Internet service providers. Consumers will benefit with lower prices, higher quality, and greater innovation in this dynamic and emerging industry."

The divestiture will be completed before or contemporaneously with the closing of the merger between WorldCom and MCI. The Department will be able to sue to block the merger if the parties fail to complete the divestiture before the WorldCom/MCI deal is consummated.

Both the Department's and the European Union's investigations began in October 1997 when WorldCom announced its intent to acquire MCI. Although the two investigations were conducted independently, there was a high degree of cooperation between the agencies. With the parties' consent, the agencies shared information with one another. They also held joint meetings with the parties. In addition, before announcing its approval of the WorldCom/MCI deal last week, the European Commission formally requested, through an exchange of letters pursuant to the 1991 US-EC Antitrust Cooperation Agreement, the Department's cooperation and assistance in evaluating and

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implementing the divestiture proposal, which had been submitted to both the Commission and the Department of Justice.

"We have enjoyed a close and constructive relationship with the EU in pursuing our separate responsibilities throughout the investigation. We look forward to this kind of cooperation continuing beyond this matter into the future," said Klein.

Attorneys General from ten states -- Florida, Illinois, Massachusetts, Missouri, New York, North Carolina, Ohio, Pennsylvania, Virginia, and Wisconsin -- also participated in the investigation.

WorldCom, headquartered in Jackson, Mississippi, is a global telecommunications company, with 1997 annual revenues of \$7.35 billion.

MCI, headquartered in Washington D.C., is the second largest telecommunications provider in the United States and the fifth largest telecommunications provider in the world, with 1996 revenues of \$18.5 billion.

Cable & Wireless, headquartered in London, England, is a leading provider of telecommunications and multimedia communications services, with annual revenues of approximately \$12 billion.

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Brussels, 8th July 1998

Commission clears WorldCom and MCI merger subject to conditions

The European Commission has given conditional clearance to the merger between WorldCom, Inc and MCI Communications Corporation (MCI), subject to a divestiture of MCI's Internet business activities. WorldCom and MCI are both publicly-quoted telecommunications companies offering the normal range of telecommunications services. Both also offer Internet-related services. The Commission's investigations found significant overlaps in this market for 'top level' or universal Internet connectivity. WorldCom is currently the leading player in the market, with MCI one of its main competitors. The merger would have given the combined entity a market share of some 50% of the relevant market. The parties have committed to divesting MCI's Internet assets, thus eliminating the overlap with WorldCom's Internet business.

WorldCom and MCI are among a small group of Internet Service Providers (ISPs) who can provide connectivity anywhere on the Internet solely through their own peering agreements (i.e. agreements with other network operators for mutual termination of traffic) without having to rely on the purchase of a 'transit' service from any other provider. Such connectivity is provided, in the form of Internet access services, both to directly connected customers and to intermediate ISPs who resell the connectivity to other buyers or to final users.

'Network externalities' (i.e. the phenomenon whereby the attraction of a network to its customers is a function of the number of other customers connected to the same network) would have enabled the merged entity to behave independently of its competitors, and to degrade the quality of Internet related services offering of its competitors. After offering a limited assets sale which the Commission judged insufficient, the parties proposed remedies which involved the divestiture of a package including all of MCI's Internet interests, sufficient to enable the acquirer to take over the position of MCI as a player in this market

The Commission's investigations, and negotiations of remedies, were undertaken in parallel with the examination of the case which is still being conducted by the US Department of Justice (USDOJ). The process so far has been marked by considerable level of co-operation between the two authorities, including exchanges of views on the analytical method to be used, co-ordination of information gathering and joint meetings and negotiations with the parties.

The timetable for divestiture would allow the parties the opportunity, subject to clearance from the USDOJ and the Commission, to agree a sale in advance of, but conditional on, the merger. Under the terms of their undertakings submitted the parties must seek the consent of the two competition authorities to the proposed buyer of the divested activities. The two authorities will continue to co-operate until the undertakings are fully implemented and exchanged formal letters to this effect in accordance with the EC-US agreement regarding the application

of competition laws. The remedies include the possibility for the Commission, in appropriate circumstances, to appoint a trustee to oversee compliance with the undertakings and, if necessary, to ultimately take control of the sale process (i.e. finding a buyer and drawing up an agreement).

Subject to full compliance with these conditions the Commission has therefore declared the concentration compatible with the Common market.

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